

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 EB-08 DOE-11 SOE-02 COME-00
TRSE-00 AID-05 CEA-01 CIAE-00 DODE-00 H-01 INR-07
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OES-07 SP-02 SS-15 STR-06 ACDA-12 /125 W
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R 101523Z JAN 78
FM AMEMBASSY ALGIERS
TO SECSTATE WASHDC 7791
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ORAN POUCH

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E. O. 11652: N/A
TAGS: ENRG, AG
SUBJ: LNG UNIT 40 AT SKIKDA

REF: STATE 3308(NOTAL)

1. LNG UNIT 40 (ALSO KNOWN AS TRAIN FOUR) AT SKIKDA WILL HAVE A DESIGN CAPACITY OF 1.5 BILLION CUBIC METERS A YEAR BUT CONTRACTOR TELLS US ACTUAL CAPACITY IS NOW EXPECTED TO BE SOMEWHERE BETWEEN 1.2 AND 1.5. TARGET DATE FOR COMMERCIAL PRODUCTION IS MAY 17.

2. SKIKDA UNITS 10, 20, 30 (TRAINS 1, 2, 3) HAVE A TOTAL RATED CAPACITY OF 3.9 (1.3 EACH). ACTUAL PRODUCTION WAS 3.1 IN 1976. THESE UNITS HAVE BEEN DOWN MUCH OF THE TIME SINCE AUGUST SO PRODUCTION IN 1977 MAY HAVE BEEN LESS.

3. THE CAMEL PLANT IN ARZEW HAS A RATED CAPACITY OF 1.6 BUT ACTUAL PRODUCTION HAS FALLEN STEADILY IN RECENT YEARS AND WAS JUST UNDER 1.0 IN 1976.

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4. LNG-1 AT ARZEW WILL HAVE A CAPACITY OF 10.5 AND SHOULD BEGIN COMMERCIAL PRODUCTION NEXT MONTH. THE OUTPUT OF THIS PLANT WILL BE ENTIRELY DEVOTED TO THE EL PASO I CONTRACT.

5. EXCLUDING THE EL PASO CONTRACT, SONATRACH HAS CURRENTLY OPERATIONAL COMMITMENTS TO GAZ DE FRANCE (4.0) AND BRITISH METHANE (1.0). WE UNDERSTAND THAT THE DISTRIGAS CONTRACT IS FOR 1.2 (REQUEST DEP-

ARTMENT CONFIRM). TOTAL COMMITMENTS (EXCLUDING EL PASO) ARE THUS 6.2 WHILE RATED CAPACITY (INCLUDING SKIKDA 40 BUT EXCLUDING LNG-1 AT ARZEW) WILL BE 6.7 TO 7.0 AFTER MAY, 1978.

6. SONATRACH'S ABILITY TO MEET ITS COMMITMENTS WILL DEPEND ON ITS ABILITY TO OPERATE PLANTS AT OR NEAR CAPACITY. THE RECORD SO FAR HAS BEEN SPOTTY BUT PERFORMANCE SHOULD IMPROVE, AS IT DID AT SKIKDA BETWEEN 1974 AND 1976, AS MORE EXPERIENCE IS GAINED.

7. EXCEPT FOR EL PASO I, WHICH IS TO BE SUPPLIED FROM LNG-1 AT ARZEW, SONATRACH HAS AVOIDED CONTRACTUAL OBLIGATIONS TO SUPPLY SPECIFIC CUSTOMERS FROM SPECIFIC PLANTS. WE UNDERSTAND, HOWEVER, THAT SKIKDA 40 IS INTENDED FOR THE DISTRIGAS CONTRACT AND THAT THE BIG METHANE TANKERS SUCH AS ARE INTENDED TO BE USED FOR DISTRIGAS CANNOT BE LOADED BY THE LOADING ARMS FOR SKIKDA 10, 20, AND 30 OR THE CAMEL PLANT. SKIKDA 40 WOULD THUS SEEM TO BE THE ONLY POSSIBLE SOURCE FOR DISTRIGAS IN THE EARLY YEARS OF THE CONTRACT.

8. SONATRACH'S DESIRE FOR FLEXIBILITY AND CONSEQUENT UNWILLINGNESS TO DEDICATE SPECIFIC PLANTS TO FULFILLING SPECIFIC CONTRACTS IS UNDERSTANDABLE BUT COULD CAUSE PROBLEMS IN CASE OF SERIOUS SHORTFALLS IN PRODUCTION. THE BRITISH HAVE ALREADY CLAIMED THAT SPOT SALES TO THE U.S. LAST WINTER PREVENTED SONATRACH FROM SHIPPING THE CONTRACTED QUANTITIES TO BRITISH METHANE. HAYNES

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